

The University of Chicago

THE COMMERCIAL DEVELOPMENT
OF CINCINNATI TO THE
YEAR 1860

A PART OF A DISSERTATION SUBMITTED TO
THE FACULTY OF THE SCHOOL OF BUSI-
NESS IN CANDIDACY FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

1935

By
VERNON DAVID KEELER

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A study of the commercial evolution of Cincinnati from the time of its settlement in 1788 to the Civil War reveals many interrelated factors which aided or retarded the expansion and development of trade. Cincinnati presents a typical example of a great American interior city which made use of its strategic position in order to become a center of trade and commerce.

Cincinnati is in longitude 84° 26' west of Greenwich and latitude 39° 6' 30" north. The normal annual precipitation is 38.55 inches; while the mean annual temperature is 58.2 degrees, with a range in monthly means from 30.3 degrees in January to 75.1 degrees in July.¹ The mild climate was favorable to the development of the city, an abundance of fertile soil in the surrounding region made it profitable to carry on agricultural production. Building materials could be secured from the variety of clays and shales, and from the luxuriant forests. These forests also contained much wild game which furnished a livelihood for many a farmer and trader.

Although it is difficult to separate the many closely related factors which affected growth of the city, it may be said that agricultural production coupled with industrial expansion promoted the growth of transportation and marketing agencies, and these in turn greatly enhanced the importance of production. Symmes, founder of the city in writing of the fertile agricultural lands in 1789, said that, "The country is healthy, and looks like

¹Yearbook of the Department of Agriculture, 1932
(Washington: Government Printing Office, 1932), pp. 914 f.

a mere meadow for many miles together in some places."¹ These fine bottom lands surrounding the settlement became the center of production of provisions for the white men, just as they had been the center of production for the Mound Builders and the Indians many years before.

The close relationship among the transportation, production, and marketing factors is evident in the parallel development of these functions. Taylor, who made an extensive study of the farmers' problems previous to the War of 1812, concluded that "the farmers' troubles were, in no small degree, fundamentally matters of transportation, of communication, and of imperfect marketing and financial organization."²

A close relationship is also seen between the shift from family to shop, and then to factory manufactures, and the emphasis upon efficiency in production. Uniformity of products was secured and quality was stressed. The increased output led to a search for wider markets, and hence to more extensive commercial enterprises.

Political and governmental factors which influenced the city's development may be conveniently classified into four groups: (1) international, (2) national, (3) state, (4) local. The most important international event which directly affected the commercial growth of the city had to do with the legislation directed against foreign-made articles. The restrictive legislation of 1806 was of direct benefit to Cincinnati as this protected the manufactures of leather, hemp, ready-made clothing,

¹Henry A. and Mrs. Kate B. Ford, History of Hamilton County (Cleveland: L. A. Williams and Company, 1881), p. 49.

²George R. Taylor, "Agrarian Discontent in the Mississippi Valley Preceding the War of 1812," (Dissertation, Department of Economics, University of Chicago, 1931), p. 505.

millinery, and beverages. The Act of 1806 prohibited the importation of the following articles into the United States:

All articles of which leather is the material of chief value.

All articles of which tin or brass is the material of chief value; tin in sheets excepted.

All articles of which hemp and flax is the material of chief value. All articles of which silk is the material of chief value. Woolen cloths, whose invoice prices shall exceed certain amounts Woolen hosiery of all kinds; window glass, and all manufactures of glass.

Silver and plated wares; Paper of every description; Nails and Spikes; Hats; Clothing ready-made; Millinery of all kinds; Playing Cards; Beer, Ale, and Porter; and Pictures and Prints.¹

The Federal protection of the manufacture of various articles of clothing, paper, cabinet-wares, and carriages, especially after the War of 1812, was of great aid to Cincinnati manufactures. The tariff which was in effect from 1824 to 1842 was likewise of particular benefit to Cincinnati, which was at that time developing her wool, iron, clothing and linen manufactures.

Various Continental wars were of benefit to Cincinnati, as they increased the demand for her provisions and manufactured articles. However, the restrictions placed upon American exports by England, Holland, and France at different times, and the existing prejudices against American-made goods in many countries were deterring influences. The War of 1812 was detrimental to trade relationships, and resulted in many shifts of trade routes. The War with Mexico, while it reduced the volume of business in some commodities, was for the most part beneficial to Cincinnati. The city became an important supply center for clothing and provisions, and the largest market for horses in the United States.

¹Liberty Hall and Cincinnati Gazette, April 7, 1806.

National influences which greatly affected Cincinnati's commercial development were many and varied. The laissez-faire policy of the government relative to industry, agriculture, trade and commerce, allowed the greatest exercise of initiative, free-play of competitive forces, and development of vast resources. The agricultural and land policy of the government furnished plentiful acreages of land, at a low price, and thus hastened the settlement of the Western country. The first territory west of the Great Miami was surveyed in 1799, and the first sales made in 1801, at a minimum price of two dollars an acre. A land office had been established in Cincinnati in 1800, creating the Cincinnati land district, and this office was maintained for many years, or until the sale of Congress lands was nearly completed. The earliest policy of the government was to dispose of land in large tracts of six hundred and forty acres or more, but by the act of 1800 it was provided that sales of one hundred and sixty acres might be made at the minimum price of two dollars an acre. This was further reduced to one dollar and a quarter an acre by the law of 1820, which fixed the minimum quantity obtainable at eighty acres.¹

The plan of internal improvements which included the removal of obstructions from river channels and the extension of roads especially that of the National Road to the West facilitated the transportation of goods. The great Cumberland or National Road, which had been ordered built by Congress in 1806, from the Cumberland Gap to the Ohio River, and thence to the Western boundary of the state, was the chief artery of traffic

¹Isaac Lippincott, A History of Manufactures in the Ohio Valley to the Year 1860 (New York: Knickerbocker Press, 1914. Doctoral Dissertation, Department of Political Economy, University of Chicago, 1914), p. 54.

to the Western country. In 1825 this road was completed from Cumberland, Maryland, to the Ohio River at Wheeling,¹ and subsequently extended across the state.

The attempts to regulate banking and the prevention of excessive note issues on the part of financial institutions aided the financing of production and distribution.

The extension of postal service, the reduction of rates of postage, and the establishment of post routes to isolated sections furthered the circulation of newspapers and periodicals.

The Louisiana Purchase of 1803 opened up a wide area of land for settlement, and attracted many settlers to the West. Newspaper editors were enthusiastic about this new development, and wrote of it in glowing terms.

Factors of a secondary importance were the settlement of the Indian claims, and the Treaty of Greenville, in 1795, which ended the fear of Indian attacks. The settlement of the navigation claims of Fulton and Livingston allowed uninterrupted navigation on the Mississippi River, thus benefiting Cincinnati shippers.

National events which considerably affected Cincinnati, though not in the form of government regulations or restrictions included the opening of the Erie Canal in 1825, the discovery of gold in California in 1848, and the development of the railroad network during the forties and fifties. The commercial expansion of the city was, on the other hand, retarded by sectional prejudices especially evident during the decade preceding the Civil War.

¹Harley Barnes, Early Ohio Events (Painesville, Ohio: Painesville Telegraph, 1886), p. 12.

Ohio's entrance into the Union as a state in 1802 drew attention to her territories, and added to the growing stream of immigrants. The State expenditures for internal improvements, perhaps greater than those of any other state, aided transportation in the region surrounding Cincinnati. This was especially true of the period 1825 to 1835, when large expenditures were made for roads and bridges throughout the state, and immediately after 1835, when huge expenditures were made for canals. Bogart says of this period:

Carried away by the prevailing enthusiasm, Ohio undertook, about 1835, public works beyond the needs or the means of her citizens. The money, easily obtained by borrowing, was often carelessly spent. Canal funds were handed over to the canal board in the lump, and expended by them according to their discretion.¹

Ohio also aided the expansion of Cincinnati commerce when the State legislature passed an act in 1850 limiting the interest rate to ten per cent.² The establishment of an Ohio bank which incorporated the principles of both a safety fund and bond-secured currency, and the checking of excessive note issues furthered financial security in Cincinnati, as well as in subsidiary towns. Ohio, as well as the other Western states, was less progressive than the Eastern states relative to banking legislation.

Local factors which affected the city's development included the incorporation of the city in 1802, the granting of the city charter in 1819, and the passing of various acts affecting trade. Ordinances relative to wharfage, dockage, ferriage and the use of standard weights and measures resulted in

¹E. L. Bogart, Financial History of Ohio (Urbana: University of Illinois, 1912), p. 114.

²Laws of Ohio, 1850, p. 87.

better marketing and the proper regulation of commerce. Ordinances relative to the market places prevented the sale of spoiled goods, damaged commodities, or making short-weights. Hawkers and peddlers were from early days, prevented from crying their wares, except under a licensing agreement with the city.¹

The type of population was an important factor in the commercial growth of the city. The early settlers had sought refuge in the West because of the greater restrictions upon trade, the higher taxes, and the lack of opportunities in the East, or in Europe. Many of the later settlers were German, English, Irish, and Hebrew, all of whom added some peculiar talent to the ever increasing complex commercial community. As was true of the population of practically all the early American frontier cities, a large percentage of these individuals were energetic and enterprising.

Migratory movements of the population to the West were especially active after the Louisiana Purchase of 1803, the War of 1812, the hard times of 1819 to 1822, the construction of the Miami Canal in 1828, and the construction of railroads during the forties. The high cost of labor, largely due to the low price of land, caused an influx of skilled laborers who aided in developing the earliest shops and factories. In 1817 laborers were paid one dollar a day, mechanics two dollars a day, carpenters and cabinet-makers one dollar a day and board, and masons two dollars a day and board.²

¹An Act Incorporating the City of Cincinnati and Digest of Ordinances Now in Use (Cincinnati: City Council, 1835), p. 92.

²John Palmer, Travels in the United States in 1817 (London, 1818), p. 71.

Many of the incoming settlers followed the same type of pursuit for which they had prepared themselves in their former homes. The New Englanders became boat-builders and meat-packers; the Germans manufactured wines and clothing; the French applied their artistic ability to the making of jewelry and articles requiring skill and technique; the Jews gradually took over the lower quality clothing business, and the work of peddling; the skilled craftsmen from the European countries secured apprentices and developed shops or factories.

Agriculture was of necessity the first most important industry, as it furnished the quickest means of earning a livelihood, and the community became self-sufficient, merely producing what it consumed. Gallatin's Report of 1810, a portion of which is contained in Table I, shows the extent of family manufactures in Hamilton County, of which Cincinnati is the county seat:

TABLE I
KINDS AND VALUE OF FAMILY MANUFACTURES IN
HAMILTON COUNTY, 1810^a

Yards of Goods				Total	Value all		Per. Cap. Value
Cotton	Flaxen	Woolen	Mixed and Unmixed		Kinds	Goods	
18,888	89,093	11,856	23,910	143,747	\$85,519	15,258	\$5.74

^a Rollo M. Tryon, Household Manufactures in the United States from 1640 to 1860 (Chicago: University of Chicago Press, 1917), p. 181.

As transportation facilities developed and the market for provisions widened, it became more profitable for farmers to cease being "jack-of-all-trades," and give more attention to

farming operations. The steamboat, the canal boat and the railroad were important agencies which caused the production of goods for a market, rather than for home consumption. In fact the marketing of many perishables was almost impossible until the coming of the railroads during the forties. The use of labor-saving machinery, especially during the two decades preceding the Civil War was one of the most important changes in agricultural production. Bidwell and Falconer in stressing this factor say:

The inventions and improvements which were made in reapers and mowers and in corn cultivators were probably the most significant of all the changes in farm machinery. In the West the amount of wheat which a farmer raised was determined by the acreage that he could cultivate. Consequently, the introduction of reapers and cultivators was largely responsible for the rapid expansion of the area of production during this period. (1840-1860.) Once a new machine was invented, there was always the question as to whether it was economically profitable to use it

The Ohio farmer of 1860 who adopted the improved methods of production then available could probably produce his crops with two-thirds the labor required in 1840.¹

The widespread practice of exploitation of the soil, and the failure to adopt scientific methods of agricultural production, despite agitation by agricultural societies, books and periodicals, was detrimental to progress. The lack of capital, of a suitable market, knowledge of proper methods of farming, the existence of high labor costs, and of a prejudice against dealing with distant markets were all prejudicial to the farmers' best interests. Not until the forties may the self-sufficiency of the agriculturists in the region surrounding Cincinnati be said to have broken down. At this time Cincinnati was known as the pork packing and provision center of the country. Table II shows the receipts

¹Percy W. Bidwell and John I. Falconer, History of Agriculture in the Northern United States, 1620-1860 (Washington: Carnegie Institution, 1925), p. 305.

of the various grains at Cincinnati markets during the years 1856 to 1860, showing the relative increases in production:

TABLE II
RECEIPTS OF GRAINS AT CINCINNATI, 1856-1860^a

Years	Flour Barrels	Wheat Bushels	Oats Bushels	Barley Bushels	Rye Bushels	Corn Bushels
1856	546,727	1,069,468	403,920	244,792	158,220	978,511
1857	485,089	737,723	534,312	381,060	113,818	1,673,363
1858	633,318	1,211,543	598,950	400,967	64,285	1,090,236
1859	558,173	1,274,685	557,701	455,731	82,572	1,139,922
1860	517,229	1,057,118	894,515	352,829	131,487	1,346,208

^aH. A. and K. B. Ford, History of Cincinnati (Cleveland: L. A. Williams and Company, 1881), p. 355.

The development of manufactures in Cincinnati was at first handicapped by scarcity of skilled labor, which meant a constant succession of learners. Experience in management of industry was lacking on the part of enterprising business men and the lack of equipment was a deterring factor. High interest rates and insufficient capital constituted a problem for the manufacturer. The cost of carriage of goods limited the market area, and the home production of many commodities was detrimental to the concentration of industrial production.

Among factors which promoted the expansion of industries were the presence of available land in the valleys adaptable for factory sites, available water power and fuel, the early use of steam power in 1815, and the use of the canal as a source of power after 1828. National tariffs protected the struggling young industries, and the War of 1812 forced the beginning of many manufactures in Cincinnati, as it cut off the former sources of supply. Newspapers stressed the importance of manufactures in

the city, and subsidies were often given to craftsmen. Manufacturers were urged to imitate the manufactures of foreigners and show them that it was possible to produce articles just as good if not better at home.¹

The increasing demand for manufactured articles and the opportunity for engaging in manufacturing pursuits resulted in the arrival of many artisans from abroad, and an increasing number engaged in industrial production. Table III, which is not lacking in humorous aspects, shows the distribution of occupations, trades, and pursuits in 1850, in the city of Cincinnati.

TABLE III

DISTRIBUTION OF OCCUPATIONS, TRADES AND PURSUITS
IN CINCINNATI, 1850^a

Agents.....	94	Laborers.....	4864
Butchers.....	672	Lumber Merchants...	10
Cap Makers.....	15	Merchants and	
Clothiers.....	22	Traders.....	1550
Coal Merchants....	13	Peddlers.....	311
Feed Store Keepers.	8	Saddlers.....	176
Flour Dealers.....	4	Speculators.....	2
Fruiterers.....	4	Straw-bonnet	
Furniture Dealers..	1	Dealers.....	1
Fur Dealers.....	1	Shopkeepers.....	35
Gentlemen.....	11	Stage Drivers.....	5
Hatters.....	184	Thieves.....	42
Hucksters.....	53	Wharf Masters.....	2
		Loafer.....	1

^aCharles Cist, Cincinnati in 1851 (Cincinnati: William H. Moore and Company, 1851), pp. 49-51.

The supply of raw materials was especially favorable to the beginning of many Cincinnati manufactures, as in the case of wheat; it was more profitable to manufacture this into flour than market the grain. Corn, for the same reason, was transformed

¹Western Spy and Miami Gazette, August 13, 1808.

into whiskey and pork.

The introduction of new processes and the extensive use of patented articles and equipment lessened the labor of production, and made a better product possible. Nationally, a great increase in the number of patents was evident during the years 1850 to 1860, and while the number of patents issued by the government had never exceeded six hundred and sixty annually before 1849 a great change came about after that time. From 1849 to 1860, inclusive, the number of patents never fell below 1,000, except for the years 1850, 1851, and 1853, while for 1860, the number rose to 4,819. These inventions were of great aid to Cincinnati manufactures, and as rapidly as capital permitted, they were put into use.

The fact that Cincinnati became the center of flour-milling and of pork-packing by the year 1830 shows the close connection between agricultural and industrial production. In 1829, about 85,000 barrels of flour were manufactured in the city.¹ The Cincinnati Directory for the year 1831 states that:

In the years before 1830, Cincinnati became the largest market for flour and grain in the Ohio Valley. Supplies were brought from the interior of the state by way of the Great and Little Miami rivers, and by canal, and from Kentucky by way of the Licking, and from a large area along the Ohio River. The exports in 1830 amounted to 130,000 barrels, valued at \$437,500.²

Much grain was brought down the Ohio River to be manufactured at Cincinnati, as the city served as the market for a large area. This tributary area sent into Cincinnati 202,319 barrels of flour in 1846; this was increased to 449,089 barrels

¹Cincinnati Directory, 1829, p. 169.

²p. 21.

in 1853.¹ The value of the manufactured product in Cincinnati in 1841 was \$816,700, and this increased to \$3,216,000 in 1859.² It was not until the latter part of the decade preceding the Civil War that Cincinnati's prestige as a milling and packing center was threatened. Table IV shows the number of hogs packed at Cincinnati each season for a quarter of a century, during the height of her packing career:

TABLE IV
NUMBER OF HOGS PACKED AT CINCINNATI, 1833-1857^a

1833	85,000	1841	160,000	1849	41,000
1834	123,000	1842	220,000	1850	393,000
1835	162,000	1843	250,000	1851	334,000
1836	123,000	1844	240,000	1852	352,000
1837	103,000	1845	196,000	1853	361,000
1838	182,000	1846	205,000	1854	421,000
1839	190,000	1847	250,000	1855	355,786
1840	95,000	1848	475,000	1856	405,391
				1857	344,512

^aWilliam Smith, Annual Statement of Trade and Commerce for Cincinnati, for 1859 (Cincinnati: Gazette Company, 1859), p. 26.

The growth of the clothing manufactures is evidence of the abundance of large supplies of woolen cloth, and the presence of German and Hebrew craftsmen who were adept in its manufacture. The Cincinnati Directory for 1844 listed over eighty merchant tailors and drapers, and over forty milliners and dressmakers. Manufacturers of hats, caps, boots and shoes also carried extensive advertising. All these trades were vigorously carried on, and aided in making Cincinnati the leading center of clothing production in the Ohio Valley.

¹Lippincott, A History of Manufactures in the Ohio Valley to the Year 1860, p. 162.

²Ibid.

The Eighth Census reported that the production of clothing in Cincinnati exceeded the production of all the states of the Ohio Valley taken together.¹ Lippincott, basing a part of his conclusions upon the Fourth Annual Report of the Commissioner of Statistics for Ohio, gives the following reasons for the dominant position of clothing manufacture in the city:

The industry appeared partly in response to the growing demand for cheap clothing to supply farm hands and negro slaves. To this must be added the demands of the boatmen on the Ohio and Mississippi Rivers, and of the immigrants. To a considerable extent, the industry owed its origin and progress to the settlement of a large number of Hebrew merchants, who soon accumulated a small capital and started establishments. But, in addition, Cincinnati possessed excellent facilities for the distribution of the production.²

In the year 1860, her clothing manufactures were three times as great as those of Chicago, St. Louis, and Louisville combined.³

The production of iron in Cincinnati occupied considerable attention, especially after the beginning of steamboat construction and the building of equipment for factories. The nearness to plentiful supplies of raw materials, the expanding market area, and the ever increasing demand for new implements and machinery furthered the need for iron manufactures. The steamboat and barge building business prospered largely because of Cincinnati's strategic position as a marketing center. The presence of plentiful supplies, competent laborers, and numerous buyers among commission men and traders were all stimulants to building. The average life of one of the early steamboats was but five or six years, and this increased the demand for new construction.

¹Eighth Census of United States Manufactures, p. lxi.

²Lippincott, A History of Manufactures in the Ohio Valley to the Year 1860, p. 169.

³Ellis M. Coulter, The Cincinnati Southern Railroad, and Struggle for Southern Commerce (Chicago: American Historical Society, 1922), p. 16.

The manufacture of carriages and wagons, and cabinet work was furthered by the arrival of skilled laborers, the demands made by the growing population, and the abundance of fine lumber throughout the region. This latter factor was also partly responsible for the success of paper manufacturing. The presence of by-products of the meat-packing industry was largely responsible for the manufacture of boots and shoes, soaps, fertilizers, leather goods, glue, and lard oil. Cincinnati held a position of leadership in the production of the three products - soap, candles, and lard oil, up to the year 1860. During that year, the total value of these products manufactured in competing centers was as follows: Hamilton County, \$3,207,273; St. Louis County, Missouri, \$1,721,000; Jefferson County, Kentucky, including Louisville, \$494,409; and Cook County, Illinois, including Chicago, \$242,680.¹

Factors which influenced the concentration of industry and the localization of manufacturing in the city were many and interrelated. The industrial plants in the city purchased raw materials from the nearby districts, and from the farmers, or exchanged finished products for raw materials. These transactions aided in a mutual interdependence and furthered exchange and mutual cooperation. This aided in overcoming the prejudices existent between the agriculturist and the industrial producer, and furthered trade relationships. The adoption of better methods of farming, and the use of new labor-saving equipment increased production and greatly increased the supply of raw materials available for industrial needs.

Cincinnati's concentration upon certain products, such as meat, clothing, flour, boots and shoes, carriages, steamboats,

¹Census of Manufactures, 1860, pp. 86 f., pp. 178 f., pp. 310-12, pp. 453-56.

and the like added to the prestige of her manufactures, lessened sales resistance, and resulted in increased production. This same concentration increased the skill of laborers, and they became somewhat immobile. Then too, there was an opportunity for much home work in connection with the clothing industry, and whole families became attached to certain industries. Later, the association with these industries led the older members of the family to establish shops of their own, which in many cases expanded into factories employing a number of workers. Frequently individuals who were engaged in certain phases of an industry combined their businesses and enlarged their field of operations. This was true in the case of the well-known firm of Procter and Gamble. "William Procter and James Gamble, in 1837, went into partnership to make soap. Procter had been engaged in making candles, and Gamble had been manufacturing soap in small amounts"¹ During 1841, twenty-six boxes of soap were shipped "down the river," and the soap business was later undertaken by many firms.² The value of soap and candle manufactures in Ohio in 1860 had mounted to \$3,828,564, and the industry was largely localized in Cincinnati.³

The expanding market for products brought about by the widening trade area furthered industrial localization in the rapidly developing marketing center. The production of articles for certain classes of trade was stressed as in the case of boots and shoes manufactured for deck hands and for negroes. Meat

¹L. W. Bosart, The Story of a Great American Industry (MS Cincinnati Public Library. Printed in 1925), pp. 4-6.

²Charles Cist, Cincinnati in 1841 (Cincinnati: E. Morgan and Company, 1841), p. 188.

³Lippincott, A History of Manufactures in the Ohio Valley to the Year 1860, p. 181.

was also produced for specific markets, and packed in a manner which prevented its spoilage.

Despite the competition of other Middle Western cities, Cincinnati in 1860 had risen to first place among the manufacturing cities west of the Alleghanies.

The value of manufactured products for the year 1859 was one hundred and twelve million, two hundred and fifty-four thousand, four hundred dollars, against fifty-four million, five hundred and fifty thousand, one hundred and thirty-four dollars in 1851, and seventeen million, seven hundred and eighty thousand and thirty-three dollars ten years before. The average value of raw materials was but fifty per cent of the entire product.¹

The continued progress of industries in Cincinnati had made capital easier to secure. Investors were more capable of judging industries with which they had close contact, and with which it was possible to make comparisons with others of the same type in the city. This lessened the difficulties formerly attendant upon the use of obsolete machinery and equipment, and made greater efficiency possible. Family control of certain industries assumed great importance, as in the soap business of Procter and Gamble, the department store of the Shillito's, the dry goods store of the McAlpin family, and others. Funds were thus concentrated for application in expansive industries or merchandising establishments.

While natural resources were considerably developed by the Cincinnati settlers, commercial relationships could never have been well established but for the aid of transportation and communication. During the early years of the settlement the rivers and navigable streams shaped the course of her trade, and a North-South trade route was established. It was chiefly the Ohio River which made of Cincinnati a strategic concentration

¹H. A. and K. B. Ford, History of Cincinnati, p. 102.

point for supplies for the North, and as a shipping point for produce to the South. Hulbert in his Course of Empire says:

The growth of this nation is to be noticed in the evolution of the vehicles which bore its freight and commerce. This was true on land and on water. But the change in craft was more rapid than the change in vehicles, a fact explained by the earlier application of steam on water than on land.¹

Practically all the early trading was done along the river and with the river cities. Carriage was by means of flatboats, barges, keel boats, pirogues and canoes. Due to the exigencies of the weather and the dangers of river travel, but one or two trips a year were made from Cincinnati to the chief market, New Orleans, before the advent of the steamboat.

The Pittsburgh Gazette carried the following notice on Friday, October 25, 1811: "The Steam Boat sailed from this place on Sunday last for the Natchez." Fourteen days later this first steamboat in the Western country arrived in New Orleans, having received scant attention at Cincinnati and Louisville. A Cincinnati newspaper ended a report on shipping by the following comment:

OTHER IMPORTANT SHIPPING NEWS

Same Day. Steam Boat lately built at Pittsburg passed this town at 5:00 P. M., in fine shape. Still going at rate of about 10-12 miles per hour.²

Although the first steamboats were received more as curiosities than as a means of transportation, their value was recognized toward the end of their first decade of use. In 1818, the first cargo of goods was carried from New Orleans to Cincinnati, having passed the falls without being transferred.

¹Archer Butler Hulbert, A Course of Empire (New York: G. P. Putnam's Sons, 1906), p. 227.

²H. A. and K. B. Ford, History of Cincinnati, p. 64.

The newspaper which announced this feat pointed out that, "Nothing but the unusual state of the river enabled her to pass the falls and nothing but those same falls prevented an uninterrupted steamboat navigation during the greater part of the year."¹

The steamboat gradually replaced the other types of river craft, and the effects of its use on the Western waters cannot be overestimated. Lippincott wrote that:

The steamboat increased the speed and convenience of communication and greatly reduced the cost As a rule, everything the farmer had to sell commanded a higher price, and the things he bought were obtained at lower prices. His labor yielded a larger return of desirable things, and this stimulated enterprise. Likewise the steamboat encouraged westward migration, which led to further development of farming and to the founding of shops and factories; it caused the building of an important Western machine industry, steamboat building itself became a great new industry, and its demands promoted the growth of the manufacture of rope and cordage, articles of brass, cabinet work, etc. As with other great inventions, therefore, the steamboat not only contributed a new convenience, but led to the founding and development of other industries, and acted as a general industrial stimulant.²

Between the fifth and the twelfth of February, 1827, a total of twenty-one steamers arrived at the Cincinnati wharf, with a total tonnage of 4,117 tons.³ Steamboats had largely replaced other types of water craft in 1835, when a total of 2,237 steamboats arrived at the Cincinnati docks during the year.⁴ Although a large amount of traffic was flowing over the railroads, canals and highways between 1840 and 1860, there was also a steady increase in river trade . From January first to June thirtieth, 1840, the following products were sent from Cincinnati down the

¹Liberty Hall and Cincinnati Gazette, March 25, 1818.

²Isaac Lippincott, Economic Development of the United States (New York: D. Appleton and Company, 1921), pp. 257 f.

³Benjamin Drake and E. D. Mansfield, Cincinnati in 1826 (Cincinnati: Morgan, Lodge and Fisher, 1826), p. 75.

⁴H. A. and K. B. Ford, History of Cincinnati, p. 86.

Ohio and Mississippi Rivers, in 450 boats, 26 keel boats, and 7 large canoes:

TABLE V
SHIPMENTS OF PRODUCTS FROM CINCINNATI DOWN OHIO AND
MISSISSIPPI RIVERS, DURING SIX MONTHS PERIOD,
1840^a

Flour.....	93,033 bbls.	Whiskey.....	565 bbls.
Tobacco.....	882 hhds.	Peach Brandy.....	29 bbls.
Peltry.....	45 packs.	Cider.....	30 bbls.
do.....	1,980 lbs.	Beer.....	71 bbls.
Pig Lead.....	56,900 lbs.	Iron.....	1,770 lbs.
Hemp.....	30 bales	Nails.....	112 bbls.
do.....	22,746 lbs.	Lard.....	94 bbls.
Bacon.....	57,692 lbs.	Butter.....	44 kegs
Pork.....	680 bbls.	Cotton.....	4,154 bales
Beef.....	43 bbls.	Window Glass.....	22 boxes
Apples.....	2,340 bbls.	Onions.....	30 bbls.
Cordage.....	193,000 lbs.	Soap.....	26 boxes
		Mill Stones.....	10 pair

^aCist, Cincinnati in 1841, p. 188.

The removal of obstructions from the river channels, the completion of the canal around the Louisville Falls in 1830, the establishment of a number of insurance companies in Cincinnati, St. Louis and Louisville which insured cargoes, and the building of better boats all aided river transportation considerably during the two decades preceding the Civil War.

Internal trade was quite favorably affected by the extension of roads, turnpikes and canals. While large expenditures were made by the state of Ohio after 1825, private turnpike companies also built many roads throughout Southwestern Ohio, Indiana, and Kentucky. This not only permitted the transportation of agricultural commodities to Cincinnati, but furthered the sale of Cincinnati products to stores in the country, and in the villages. The construction of the Miami Canal from Cincinnati to Dayton in 1828 reduced prices of goods and brought many newcomers

to the city. The canal furnished power for the factories, facilitated carriage of goods into the interior, and opened up new outlets for sale of commodities.

The year 1840 saw 165,762 barrels of flour, 74,026 barrels of whiskey, 300,000 bushels of corn and oats, and large quantities of pork, beef, etc., transported over the Miami Canal.¹ Boats passed from Cincinnati to Terre Haute, Indiana; from Cincinnati to the Great Lakes, and thus made possible direct connections with the Great Lakes cities. Wheat, corn, oats, barley, and other grains were brought to Cincinnati over the Whitewater Canal, transformed into flour or whiskey and re-exported.

The first railroad constructed leading out of Cincinnati was the Little Miami. A thirty-mile stretch was completed from Cincinnati toward Xenia in 1843, and the thirty-eight miles which completed this distance were laid in 1844.² In 1848 the Sandusky branch was completed, and in 1850 connections were made with Columbus.³ This road was followed in quick succession by the Cincinnati, Hamilton and Dayton road, completed in 1851, the Ohio and Mississippi, which reached St. Louis in 1857; and the Marietta and Cincinnati Railroad, which reached Belpre, Ohio, in 1857.⁴

The Little Miami Railroad made possible direct connections with the Great Lakes and the Northern markets; the Marietta and Cincinnati road made connections with eastern routes; the Ohio and Mississippi furnished a direct route to New Orleans. The prices

¹James Hall, The West, Its Commerce and Navigation (Cincinnati: H. W. Derby and Company, 1848), p. 289.

²Charles F. Goss, Cincinnati, The Queen City (Cincinnati: J. S. Clarke Publishing Company, 1912), I, 189.

³Ibid.

⁴Ibid., pp. 189 f.

of farm products increased in some instances as much as fifty per cent, flour prices doubled, and the price of pork trebled, thus stock subscriptions for railroads were easily secured.

During the decade 1850 to 1860 the railroads carried increasingly larger amounts of freight each year, and for a time the facilities could not keep up with the demand for them. In 1860 the city was served by the Little Miami; the Marietta and Cincinnati; the Cincinnati, Hamilton, and Dayton; the Cincinnati and Indiana; and the Ohio and Mississippi. The city was in full connection with 3,232 miles of railroad, and 4,789 miles of connecting lines were under way. Near Cincinnati, the Dayton and State Line, and the Cincinnati and Indiana Junction were being built.¹ The struggle among the rival agencies, river, canal and railroad was now on in earnest. The Cincinnati Chamber of Commerce reported as early as 1852:

In 1840 the products of the Ohio Valley up as far as Wheeling went South. The rivalry of the eastern canals and waterways was not felt at Cincinnati until 1850, when the railroads began to compete for the traffic in flour and provisions.

In the three years ending August 31, 1852, Cincinnati shipped down the river 1,091,000 barrels of flour, while to the North and East were sent 37,600 barrels. Of the latter, only 10,400 barrels went by canal and railroad.²

In 1852 it was estimated that three-fourths of the flour and grain of Ohio was exported through the lake ports; but more than three-fourths of the pork, lard and whiskey were sent by way of the Ohio River.³ This report showed further that such commodities as sugar and molasses were still brought into the interior through the port of Cincinnati, and marketed as far North

¹H. A. and K. B. Ford, History of Cincinnati, p. 102.

²Report of 1851-1852.

³Lippincott, Economic Development of the United States, p. 250.

as the lake cities. Bidwell and Falconer, in writing of the changes wrought by the railroad on marketing channels, said that:

In the three years ending August 31, 1860, there were shipped down the river 300,000 barrels of flour, while to the North and East were sent 1,376,000 barrels, and of these 890,000 barrels went by canal and railway. By 1855, the value of the total exports from Cincinnati to the East was nearly equal to the value of its exports to the South, and in 1860 practically all the wheat shipped from Cincinnati was sent North and East. The shift in the pork and bacon trade of Cincinnati was similar to that in flour.¹

Co-extensive with the development of transportation came the extension of communication facilities, and extension of the postal service. Communication was affected greatly by (1) the tremendous increase in number of newspapers and periodicals issued in Cincinnati, (2) carriage of the mails by canal boats, steamboats, and railroads, (3) establishment of the postoffice and its extensive use by Cincinnati citizens, (4) reduction of rates of postage on newspapers and letters, (5) greater circulation of newspapers, which disseminated information through editorial content and advertising, (6) the establishment of post routes to otherwise inaccessible points, and (7) development of the telegraph system, which supplied current information relative to markets, credit standing of business institutions, and business conditions after 1847.

Marketing institutions were favored during the early career of the city because of the scarcity of commodities which could not be produced in the nearby regions. This made high prices and encouraged the settlement of merchants and traders, who hoped to capitalize on goods brought from the South and East.

The first mercantile establishment in the village was that of John Bartel, who set up a store at the corner of what was

¹Op. cit., p. 309.

later Front and Broadway Street.¹ The exact date of establishing this institution has been considerably disputed, but it is known that it was in business during the early nineties. Bartel had been an army trader between Baltimore, Hagerstown, and Pittsburgh before coming to Cincinnati, and hence understood the business of pioneer trading. Other early storekeepers included Abijah Hunt and Brothers, Smith and Findlay, General James Findlay, O. Ormsby, Tate, Ferguson, Creigh and others.²

An interesting account has been given of the abundance of stores during the early nineties, by a merchant in a letter to his principal at Gallipolis, in 1792:

I found on my arrival which was on the 17th inst. Mr. Swan and Captain Ludlow, who have both been of great help to me, as Ludlow starts today for Philadelphia, he has ceded his room to me. The shelves and counters are making today, and tomorrow we shall begin to fix ourselves. Swan has got the invoice of the dry goods which he will let me carry. Dry goods are as plenty here as empty pocket-books are in Gallipolis. I never saw the like - nothing but stores. You go in one house and that's a store. You go in another, which is another store. Not a day passes but new stores arrive, and there are many storekeepers who will store themselves to h-ll, I'm afraid.

I have left with Wetzel some shoes, and I suppose I shall sell mine pretty fast, for d--n the storekeepers, they have not what I have; so you see I shall work them at a pretty rate.

Memorandum. Send me down a few more by the first opportunity.³

The high prices of commodities, some being five or six times as high as those in Philadelphia, New York or Baltimore, also attracted the Eastern peddler, who wandered about through the region. The development of better means of transportation, and the production of many items in cities nearer Cincinnati lessened

¹A. E. Jones, Extracts from the History of Cincinnati, and Territory of Ohio (Cincinnati: Cohen and Company, 1888), p. 72.

²Charles Cist, The Cincinnati Miscellany (Cincinnati: Robinson and Jones, 1846), II, p. 233.

³Jervis Cutler, Topographical Description, State of Ohio, (Boston: Charles Williams, 1812), p. 39.

prices, yet made sales more profitable.

The existence of a surplus stock of finished articles often encouraged a shopkeeper to open a store in the front of his building, while he used the remaining portion for his workroom. As sales increased, he gave up the selling function and specialized in manufacturing the commodities. The same was true of the trader who at one time purchased hogs, packed them, shipped them, and collected the amount due. However, with increasing specialization, the hogs were purchased by a livestock buyer, packed by a meat-packer, marketed by a commission merchant, and the funds collected through an exporting company or exchange office.

Cincinnati became a great interior market in the three decades preceding the Civil War, and stores and other marketing agencies were expanded considerably. Market houses were supplied with every delicacy, and provisions were unexcelled for quality. Store buildings were improved, assortments were varied, and especially after the coming of the railroad, many imported articles were found on the shelves of Cincinnati stores.

In the year 1840, \$12,877,000 were invested in the retail merchandising business in Cincinnati,¹ and improvements were constantly being made in the appearance of the buildings.

Undoubtedly such business places as that of the Holland Pen Company, founded in 1842, the Duhme and Company jewelry store, begun in 1836, the John Shillito Department Store founded in 1831 all excited admiration. These stores were not only well constructed, but well known throughout the country for their fine assortments of goods. In 1841, there were 2,226 persons engaged in the following professions and services in the city:

¹A. N. Marquis, Industries of Cincinnati (Cincinnati: A. N. Marquis and Company, 1883), p. 25.

Booksellers, book-keepers, brokers, clerks, commission, produce, dry-goods, hardware merchants, dealers in boat stores, iron, queensware, glass, wood, coal, variety and fancy goods, furs, ice, lumber, paints, shoes, and umbrellas; druggists, fruiterers, peddlers, river traders, and steamboat characters.¹

The most extensive business was carried on by the dry goods and grocery dealers, although hardware merchants, boot and shoe dealers, hatters, and dealers in imported fancy goods sold a large volume of merchandise. Many citizens complained of the retailers and wholesalers littering up the streets and sidewalks with their goods. The owners, lacking space, set up their merchandise on boxes placed on the sidewalks to catch the eyes of passersby. Then too, the expense of adding another room caused the sidewalk to be used for packing and invoicing duties.

In 1859 there were fifty wholesale dealers in dry goods alone in the city, and nearly that many wholesale clothing establishments, which sold to all parts of the Central states. Sales of dry goods in 1840 were estimated to be \$4,000,000; in 1850 they mounted to \$10,000,000; and by 1859, had risen to \$25,000,000. A corresponding increase was found in groceries, boots and shoes, hats and fancy goods. Cist, in 1859, gave the following reasons for Cincinnati's widening sphere of wholesale activities:

1. The merchants who go east are compelled, in order advantageously to make up their full assortments to visit Boston, New York, Philadelphia, and Baltimore. This is attended with traveling and hotel expenses, as well as loss of time at home of still greater value, which puts at least five per cent on their season's purchases.

2. By purchasing in Cincinnati, at a distance so short and a point of easy access from home, the western merchant is enabled to buy in three or four days what will require many weeks in a trip east. This is not merely a saving of time, but a means of choosing the period of absence, not allowable in long and distant journeys. Almost any man can arrange

¹Cist, Cincinnati in 1841, p. 43.

and provide for an absence from home for a few days, but every merchant's business is sure to suffer in the absence of as many weeks.

3. He can obviate the risk of accumulating unsaleable goods; keeping his supplies within the limits of his sales by making smaller and more frequent purchases.

4. In making bills oftener, he has a greater average of credit, as well as greater convenience in the division of payments.¹

Problems faced by the early business men included (1) the system of "caveat emptor" prevailing in all trade transactions thus making for inefficiency, (2) an absence of definite prices, each sale being the object of heated argument, in which the strongest will won, (3) no emphasis upon turnover of goods and too much attention to making as large a profit as possible on each sale, (4) losses resulted from accepting counterfeit and worthless notes, and the acceptance of worthless articles in bartering transactions, (5) losses from poor packing and poor grading of products, (6) lack of knowledge on the part of merchants regarding accounting, and a knowledge of source of goods and a market for merchandise, (7) risk involved in the carriage of goods to and from a distant market lessened the chance for profits, (8) the high costs of transportation necessitated high prices, with a resultant reduction of sales volume, (9) poor credits, due to lack of information, and the desire to serve all without insisting upon an immediate accounting, caused heavy losses, and lastly, (10) the necessity for the trader, the retailer, the market-space owner, the wholesaler, or the commission merchant to be a jack-of-all trades, attempting to do varied types of tasks.

The lack of a medium of exchange, and, at a later time, the lack of capital and bank notes whose value could be depended upon

¹Charles Cist, Cincinnati in 1859 (Cincinnati: Chas. Cist, 1859), p. 347.

were handicaps to trade development. During the early part of the city's career barter was a necessity because of the lack of currency. Rabbit skins were valued at five penny bit (six and one-fourth cents), coon skins were eleven penny bit (twelve and one-half cents), fox skins were twenty-five cents, and these passed in place of currency.¹ It was necessary for the merchants to state in their advertising what articles would be received in payment of goods, and frequently advertisements read: "We will sell on the lowest terms for cash, deer skins, bear skins, and furs."² For small change needles and pins were used and each article had a value which was determined by comparing it with other commodities.

Tradition states that the first copper coins were brought to Cincinnati about 1795 by John Bartel, the first storekeeper. He used them in place of the needles and pins or writing paper in making change. This was a great advance in the use of a medium of exchange, but his competitors, thinking of the losses to be involved in putting smaller articles on the market were "so exasperated that they almost mobbed him."³

The early settlers themselves were poor, and their capital equipment was meagre. Little means of realizing a surplus existed until manufacturing was developed, and transportation made a market available for the surplus.

Following the beginning of the use of money as a medium of exchange, there came first the problem of distinguishing the worth of notes, as banks throughout the country issued many of

¹Jones, op. cit., p. 72.

²Centinel of the Northwestern Territory, February 22, 1793.

³Charles Cist, The Cincinnati Miscellany (Cincinnati: Caleb Clark, Printer, 1845), I, 6.

indeterminate value. Although some action was taken on the part of Congress and the State legislatures to prevent excessive issuance of notes and the granting of unsecured loans, many losses occurred.

The War of 1812, the panics of 1819 and 1837, the bank riot of 1842, and the panic of 1857 were the most critical periods in Cincinnati financial circles. While these critical periods hindered the growth of Cincinnati, authorities generally agree that the city suffered less during these times than any other city of its size.

The first bank in the city was that of the Miami Exporting Company, which went into the banking business in 1807, after its failure in attempting to market produce in the South.¹ This bank served as a depository for funds of the community, exchanged currency and bills of various types, served as a collection agency, and purchased or "discounted notes for a reasonable amount." It was not until the development of the railroad, the establishment of industry on a large scale, the expansion of the trading area, the increased prestige of the city during the two decades preceding the Civil War, that sufficient capital could be accumulated by Cincinnati banks to finance trade and industry adequately.

The greatest demands for capital came during the winter season when manufacturing was at its height, especially in the packing industry. In the 1843-1844 season, the medium sized packer who might put up 10,000 hogs on his own account made an average outlay of about \$50,000, and one of \$80,000 in the 1854-

¹Jacob Burnet, Early Settlement of the Northwestern Territory (Cincinnati: Derby, Bradley and Company, 1847), pp. 398 f.

1855 season.¹ The capital was chiefly used in the purchase of raw materials, as farmers were always accustomed to cash sales. This made an especially brisk demand for money at certain seasons of the year, the Cincinnati Chamber of Commerce reporting in 1850-1851:

. . . . During our pork packing season, we had our usual pressure for bank notes, sight bills on the East being almost as difficult of negotiation as those having three months to run. This, however, is always the case, and only fluctuates with the increase or decrease of that important staple, pork; and, after all, only amounts to an inconvenience, fully compatible with a perfectly healthy state of business.²

The Chamber of Commerce Annual Report for 1851-1852 stated that ". . . . large quantities of our great staple Pork were packed and cured in other cities, because their four and six months' bills could be negotiated with fully as much readiness as those of half that length here."³ In 1859 the scarcity of money caused rates of interest to be placed at one and a half to two per cent per month,⁴ and it was often necessary to use funds secured from one's friends and acquaintances, in order to carry on business. By the year 1859 the following banking institutions were operating in Cincinnati, and carried on diversified business, as will be noted by some of their activities:

1. Commercial Bank.
2. Lafayette Banking Company.
3. Grosbeck & Co.
4. Gilmore, Dunlap & Co. Deals in Exchange, chiefly, and makes collections throughout the Western country.

¹C. T. Leavitt, "Some Aspects of the Western Meat-packing Industry, 1830-1860," Journal of Business, Chicago, January, 1931, p. 73.

²Annual Report, p. 10.

³P. 10.

⁴Cincinnati Chamber of Commerce Annual Report, 1859-1860, p. 8.

5. Evans & Co. Bankers and Dealers in Exchange.
6. J. R. Morton & Co. Bankers. Dealers in Exchange, Bank Notes, and coins. Particular attention given to collections, and returns promptly made.
7. James F. Meline & Co. . . . Collections and remittances promptly made at the current rate of Exchange, without charge for collection.
8. C. F. Adae & Co. German Savings Institution. Bank of Discounts and Deposits. Draw upon all the principal cities of the continent of Europe, in sums to suit purchasers, and at the lowest New York rates.
9. C. F. Adae. European Exchange Office. Has all facilities, by long experience, to attend to any business on the continent of Europe.
10. Bank of Savings. Alex Van Hamm. For the Deposits of the Earnings of Men, Women, Boys and Girls, in sums of Twenty-five cents and upward
11. General Agency. Day & Truax Sight Drafts on England, Ireland, Scotland, France, Germany, and all other countries of Europe.
12. Emigrant and Remittance office. Wm. B. Barry & Co. Certificates of Passage from Liverpool to Cincinnati, or any of the western cities, per the favorite Black Ball line Remittances made from any part of the country and remitted as directed.¹

The fact that Cincinnati occupied a strategic position at the convergence of the Ohio, the Miami and the Licking Rivers had much to do with its growing importance as a marketing center. These river routes not only served as feeders to the city in the way of provisions and commodities from the interior, but served also as a means of distributing Cincinnati products. The development of canals after 1828, when the Miami Canal was completed, increased the interest in Ohio and Mississippi River trade. The use of the steamboat had a most noticeable effect upon Cincinnati trade, and after its general adoption about 1820 the Southern market became more important. In 1824 over three million barrels of flour were shipped from the city to points in the South

¹Cist, Cincinnati in 1859, pp. 227-29.

and in the West; from that time until the late fifties the river trade grew steadily.

The development of roads and turnpikes throughout the Miami and Ohio Valley region favored Cincinnati development, as a large number of them converged at Cincinnati. This transportation web was furthered by the construction of canals and railroads which made connections at various strategic places.

The development of subsidiary centers which required large quantities of goods, and collected supplies for sale in the Cincinnati market was favorable to Cincinnati's growth. Nearby centers, such as Columbia, Montgomery, Reading, New Town, Carthage, Miami-Town, Cleves, Harrison, Covington, Newport; towns at some greater distance as Chillicothe, Portsmouth, Ironton, Gallipolis, Maysville, Lexington, Dayton, Springfield, and Kaskaskia all required supplies from the city of Cincinnati, and in turn sought the city as a market for their own salable goods. Cist wrote in 1851 that

Cincinnati is the grand centre of the United States, not geographically perhaps, but the centre of forces and influences, which, when readjusted after the introduction of the great disturbing cause, the railroads, must settle and determine the destiny and relative position of the various cities or centres which are now struggling for supreme ascendancy on this continent.¹

As it became evident that the railroad would reshape trade routes, each city in the South, as well as those in the East sought a route which would bring it nearer to the rich agricultural region of the West. Louisville, St. Louis, and Chicago were especially active in competing with Cincinnati in the sale of meats, clothing, and the like after the use of the railroad. However, while the total commerce of Cincinnati in 1851-1852 amounted to \$74,491,000, in 1855-1856 it amounted to \$126,040,000, and in

¹Cincinnati in 1851, p. 320.

1859-1860 it aggregated \$184,684,000. Table VI shows the total increase in exports and imports for the city of Cincinnati during the years 1854-1860.

TABLE VI
TOTAL INCREASE IN EXPORTS AND IMPORTS IN CINCINNATI, 1854-1860^a

Years	Total Imports	Total Exports
1854-1855	\$67,501,341	\$38,777,394
1855-1856	75,295,901	50,809,146
1856-1857	77,950,146	55,642,172
1857-1858	83,644,747	52,906,506
1858-1859	94,213,247	66,007,707
1859-1860	103,347,216	77,037,188

^aCincinnati Chamber of Commerce Annual Report, 1870.

St. Louis increased her commerce by more than one hundred per cent during the decade 1840 to 1850, and doubled itself again during the years 1850-1860.¹

The organization of Cincinnati's Chamber of Commerce in 1839, the holding of annual Industrial Expositions and other exhibits resulted in disseminating information regarding mercantile usages, finance, and commerce. The organization of insurance companies, credit agencies, and exporting companies helped to lessen the risk involved in trading operations, and thus helped to extend the sphere of influence. One of the most important developments in the credit field was the establishment in 1849, of the first credit and mercantile agency in Cincinnati, a branch of the only one of its kind in the country. The history of credit agencies is closely related to the operations of this concern, Tappan, McKillop and Company, and this early establishment did

¹Lippincott, A History of Manufactures in the Ohio Valley to the Year 1860, p. 145.

much to center attention upon the need for classified information regarding credit applicants.

Retarding influences in the city's commercial development, especially noticeable during the earlier years, included the lack of current information regarding commodity needs of different communities and cities. Information was not only lacking as to products, but also on prices and credit standing of buyers and the honesty of sellers. Quality of products was not stressed during the early development, and it was not until the introduction of machinery, and the extension of marketing operations brought the merchants into competition with other cities that this factor was stressed.

High transportation costs prevented the development of distant and also nearby markets, until after the steamboat, the canals, the railroads, and improved roads became available.

Spoilage of goods or possible destruction was a handicap to development of distant or nearby markets, until extensive improvements were made. While the river was one of the chief means of transportation for a larger portion of the period under consideration, losses were tremendous especially during the earlier years:

From 1822 to 1827, the loss of property on the Ohio and Mississippi, by snags alone, including steam and flatboats and their cargoes, amounted to \$1,362,500. Losses on the same items from 1827 to 1832, were reduced to \$381,000 in consequence of the beneficial action of snagboats.¹

The lack of capital with which to finance production and distribution was a constant hindrance until the two decades preceding the Civil War, although even during these years interest rates were high, and funds often insufficient for current needs.

¹Hall, op. cit., p. 60.

Advertising was limited to mere announcements even in 1860, and the newspaper circulation was small in subsidiary centers where sales were sought. The following advertisements are typical of those in use in daily newspapers:

SOFT HATS

We have just received a
large assortment of new
styles of

AMERICAN AND PARIS
SOFT HATS

S. B. CAMP & CO.
No. 95 W. Third St.¹

CHARLES H. WOLFF & CO.
Wholesale dealers in

DRY GOODS

No. 145 Walnut Street
Between Third and Fourth St.
Cincinnati, Ohio
invite the attention of

MERCHANTS

to their large and carefully
selected stock of
FIRST CLASS DRY GOODS
FOR THE
SPRING TRADE²

Exaggeration and even dishonesty was considerably in evidence among the early traders, merchants, and commission men. Until a reasonably standard procedure could be established and confidence secured, the trade area was limited and the city's growth retarded.

Perhaps the most important factor which limited Cincinnati's growth during the two decades immediately preceding the Civil War was the development of competing trade centers. Louisville, one of the most energetic competitors, sent her salesmen to all parts of the surrounding territory, and advertised extensively. Her strategic position at the Falls was of considerable value to her before the opening of the Louisville and Portland Canal in 1830, which allowed boats to bridge this gap. Before this time many steamboat lines ran from Pittsburgh to the Falls, or from New Orleans to the Falls. After the canal came into use, the city

¹Cincinnati Daily Commercial, February 28, 1860.

²Ibid., March 8, 1860.

profited greatly through the tolls collected, and by the profits of storing and transferring goods. One prominent Cincinnati merchant estimated that the losses sustained by traders residing above the falls, amounted in one year to \$80,000, including storage, drayage, cooperage, commissions, and wages of hands during the delay.¹ Another important advantage enjoyed by Louisville was her control of the Louisville and Nashville Railroad. Through this means the city had, for many years, the only rail connection with the rich Kentucky and Tennessee territories.

St. Louis became an important competitor of Cincinnati, especially after 1850, when she was said to outrank the former city as a Southern shipping point. St. Louis was favored by the movement of population to the West, by the construction of the Ohio and Mississippi Railroad into New Orleans, and by her opportunity to use the river for transportation during the entire winter season. Cincinnati's use of this means of traffic was limited to the warmer seasons of the year.

Indianapolis became an important competitor during the decade preceding the Civil War, and served as a supply center for immigrants to the West. The extension of railroads throughout the Middle West, and the migrations Westward aided Indianapolis and like cities.

The lake ports, chiefly Chicago, profited greatly by the building of the canals and railroads, which completed a transportation network during the decades preceding the Civil War. Chicago became the largest primary grain market in the country in 1858, and the leading meat-packing center in 1860. A large portion of Ohio grain began to be shipped northward by canal and railroad during

¹Burnet, op. cit., p. 401.

the forties and fifties, and this benefited such cities as Toledo, Cleveland and other lake cities. There was not as great a possibility of spoilage, as with shipments to the South, and the extensive use of the Great Lakes-Erie Canal route to New York was quite advantageous.

The country west of the Alleghanies which had contained but 200,000 persons in 1790, counted 387,183 in 1800, and increased to 1,075,398 by the year 1810.¹ The period from 1788 to 1810 was a period of discovery and exploration. The adventurers were handicapped by lack of knowledge, capital, and equipment. The settlers attempted to learn of the vast natural resources of the region, and how best to develop them for possible returns. It was a period of self-sufficiency in which little contact was had with the outside world. It was necessary to determine by experimentation the most remunerative pursuits and the most profitable agricultural products. Feeble attempts were made toward marketing the surplus of the farms, and the first bank was established, the forerunner of many other financial institutions.

The period from 1810 to 1837 witnessed the effects of the coming of the steamboat, the construction of highways and canals, the expansion of industry and improved methods of farming. Greater capital was available, and increased attention was given to improved equipment and machinery in industrial and agricultural pursuits. New industries were begun, and there was a vast expansion of the trading area, especially furthered by the internal improvements made during this period. The population of the city increased from 2,540 in 1810 to 24,831 in 1820, and to more than 38,000 in

¹E. L. Bogart, Economic History of the United States (New York: Longman's, Green, and Company, 1920), p. 157.

1836. The surrounding territory was becoming filled with industrious farmers, and the city itself was profiting by the influx of skilled laborers and the increasing number of consumers.

The period from 1837 to 1860 witnessed the effects of the railroad, the telegraph, expanding facilities of communication and transportation, and of industrial and agricultural improvements. The original area of the city was only three square miles when it was incorporated in 1819. In 1849 it annexed two and one-fourth square miles, in 1850 an additional three-fourths of a square mile was annexed, in 1854 one square mile was annexed, making a total area of seven square miles in 1860.¹

It was estimated that approximately 60,000 persons lived in Cincinnati in 1840. This included those who lived in the territory at the mouth of the Licking River in Kentucky, Covington, Newport, and the various suburbs. In 1850 the population of the city alone was given by the census as 115,438, and the population of Hamilton County as 156,850. These figures are somewhat misleading, as thousands of persons had left the city because of the cholera epidemic that broke out shortly before the census was taken. In spite of this misfortune, "no place of equal or greater magnitude in the United States has had a ratio of increase as great during the years 1840-1850."² The population increased from 115,438 in 1850 to 161,044 in 1860. This increase in population was a great factor in the city's progress in trade and commerce. Table VII contrasts the growth of population of Cincinnati, with other important Western cities and with New Orleans, during the years

¹F. W. Brown, Cincinnati and Vicinity (Cincinnati: C. H. Krehbiel & Co., 1898), p. 16.

²Cist, Cincinnati in 1851, p. 46.

1800 to 1850.

TABLE VII
COMPARATIVE TABLE OF POPULATION
GROWTH^a

Census	Cincinnati	Pittsburgh	Louisville	New Orleans
1800	750	1,565	600	9,650
1810	2,540	4,768	1,350	17,242
1820	9,602	7,243	4,012	27,176
1830	24,831	21,412	10,306	46,310
1840	46,338	36,478	21,214	102,296
1850	118,761	67,871	43,277	120,951

^aCist, Cincinnati in 1859, p. 164.

Cincinnati in 1860 was the largest city west of the Alleghanies, and its prosperity was unsurpassed in the West.¹ The South was very much dependent upon Cincinnati, St. Louis, and Louisville, as it had begun to specialize in the production of sugar, cotton and molasses. On the other hand the Northern cities were equally dependent upon New Orleans, Natchez, and the gulf ports for products equally expensive to produce in the North. The cotton kingdom was anxious to create ties with the North, because of her precarious position in national politics. This factor added to the seriousness of the competition of the Northern cities, and was especially noticeable in the plans of different cities for railroads to the South.

The ties between the North and the South had been so strongly welded, especially between such cities as Cincinnati and New Orleans, that many of the Northerners feared that commercial relations would be placed above patriotic considerations in 1861, when war was declared.

¹Coulter, op. cit., p. 16.

It seemed that all the efforts Cincinnati had been making to gain a foothold in the South might be undone by internal strife. Her products were now marketed all through the South, and the gulf ports served as outlets for a great deal of merchandise which could be re-exported abroad. Cincinnati was known far and wide as the greatest provision market in the country, and the South was anxious to maintain connections with the city. The recognition of the value of commerce, and especially the interdependence of the Northern and Southern states was well illustrated by an early proposal of Jefferson Davis, leader of the Confederate States. He suggested that commercial relations be maintained at all times despite hostilities, and while this was not even feasible, it shows that the South recognized the value of these great Northern commercial centers.

Cincinnati enjoyed perhaps the greatest period of growth in her history from 1825 to 1860. Internal improvements, including canals, roads, and improved river transportation favored her development. On the other hand, while the railroad also aided her commerce in many ways, it succeeded in diverting much trade to the Eastern cities, and helped to decrease the importance of her geographical location. The South made increased demands upon the cities of St. Louis, Kansas City, and Louisville for manufactured products and provisions. The North became more dependent upon the East, and especially as Chicago, Toledo, Buffalo and the other lake cities developed; commodities went east and west. Cincinnati now stood midway between the industrial North and the agricultural South and West. The keen competition among rival cities which also made use of extensive improvements in industry, trade and commerce, was in 1860 an important limiting factor in Cincinnati's growth.

